



BellSouth Telecommunications, Inc.
Suite 2104
333 Commerce Street
Nashville, TN 37201-3300

Charles L. Howorth, Jr.
Regulatory Vice President

615 214-6520
Fax 615 214-8858

September 13, 2002

Mr. Joe Werner, Chief
Telecommunications Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee

RECEIVED

SEP 20 2002

TN REGULATORY AUTHORITY
TELECOMMUNICATIONS DIVISION

02-14256

02-01073

Dear Mr. Werner:

SUBJECT: BellSouth® SWA Pricing Flexibility

Attached is the following tariff filing of BellSouth Telecommunications, Inc., issued September 13, 2002. We request that this tariff be effective October 14, 2002.

Access Services Tariff

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Access Services Tariff (cont)

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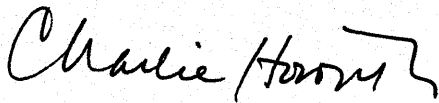
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This Tariff is being filed to introduce BellSouth® SWA Pricing Flexibility. Additional details can be found in the executive summary that is included in this filing package.

Supporting cost study information is being filed "Proprietary" under separate cover.

We appreciate your returning a receipted copy as evidence of this tariff filing. Please call Jim Gotto at 214-3815 if you have any questions or wish to discuss.

Yours truly,

A handwritten signature in black ink, appearing to read "Charlie Horvath", with a stylized flourish at the end.

Attachments

EXECUTIVE SUMMARY

Introduction

With this filing, the Tennessee intrastate Access Services Tariff is being revised to add a new tariff section, Section 27 – BellSouth SWA Pricing Flexibility.

Description of Present Tariff

Tennessee's current intrastate Access Services Tariff does not offer BellSouth SWA Pricing Flexibility Service.

Description of Proposed Tariff

BellSouth SWA Pricing Flexibility Service enables BellSouth to offer its Interexchange Carrier (IXC) customers intrastate BellSouth SWA volume discount for generally available (tariffed) Access Services.

BellSouth SWA Pricing Flexibility Service provides a volume and term discount plan with a 3, 4 or 5 year term for selected BellSouth SWA services. The rates and charges for the services included in BellSouth SWA Pricing Flexibility are as set forth in E6 of BellSouth's Access Services Tariff.

Rate Elements

The following BellSouth SWA services will be used in determining the revenues that are eligible to receive the volume discount based on the established minimum local switching usage:

- BellSouth SWA Common Transport Service
 - Facility Termination, per minute of use
 - Per Mile, per minute of use
 - DS3 to DS1 Multiplexer, per minute of use
 - DS1 to VG Multiplexer, per minute of use

- Access Tandem Switching
 - Dedicated Tandem Trunk Port Service
 - Per DSO/VG trunk port required
 - Per DS1 trunk port required
 - DS1 to VG Channelization

- Local Switching
 - Local Switching 1
 - Local Switching 2
 - Local Switching 3
 - Local Switching 4
 - Common Trunk Port Service
 - Per each Common Transport trunk termination, per minute of use
 - Dedicated End Office Trunk Port Service
 - Per DSO/VG trunk port required
 - Per DS1 trunk port required

Demand Development

The minimum local switching usage is defined as the projected year 1 local switching usage based upon the trending of the most recent available 18 months local switching usage prior to the beginning of the term. Each customer's minimum local switching usage will determine which discount bands the customer is eligible for. For each year of the term, the volume discount is based upon the minimum local switching usage, the usage for that year, and the year of the term.

Rationale for Change

BellSouth SWA Pricing Flexibility Service is designed to encourage utilization of BellSouth switched network by providing a volume discount incentive. BellSouth SWA Pricing Flexibility Service offers a win-win opportunity for the customer and the Company. The customer will receive a discount up to 40% on eligible BellSouth SWA revenue for usage over the established minimum. The Company's benefit is retention of the customer's usage on its switched network.

Impact on Customers

BellSouth SWA Pricing Flexibility Service provides for annual volume discounts based upon annual local switching usage above a stated minimum. Annual volume discounts, in the form of an annual credit applied on the customer's bill, are achieved based upon usage above the minimum local switching usage and the year of the term in which the usage is achieved.

BELLSOUTH TELECOMMUNICATIONS, INC.

LETTER OF AGREEMENT - BELLSOUTH SWA PRICING FLEXIBILITY SERVICE

- (A) In executing this Letter of Agreement, the customer acknowledges its desire to subscribe to BellSouth SWA Pricing Flexibility Service
- (B) The term beginning date of BellSouth SWA Pricing Flexibility Service is on the customer's first bill date after receipt of this Letter of Agreement.
- (C) BellSouth SWA Pricing Flexibility Service is valid for a period of ____ years and shall terminate one month after the end of the term (3, 4 or 5 years).
- (D) The Customer is subscribing to BellSouth SWA Pricing Flexibility Service in the state of Tennessee
- (E) The Customer's minimum intrastate local switching usage in the state of Tennessee is:
- (F) The Customer's Tennessee local switching usage bands and achievable incentive discounts are:

Customer Minimum Usage	Usage Ranges Local Switching Minutes of Use	Volume Discount Percentages				
		Year 1	Year 2	Year 3	Year 4	Year 5
.1B - .5B	Minimum Usage - Minimum Usage * 1.02	5%	-	-	-	-
	>Minimum Usage * 1.02 - Minimum Usage * 1.10	7%	10%	15%	-	-
	>Minimum Usage * 1.10 - Minimum Usage * 1.30	10%	15%	20%	25%	30%
>.5B - 3B	Minimum Usage - Minimum Usage * 1.02	7%	-	-	-	-
	>Minimum Usage * 1.02 - Minimum Usage * 1.10	10%	15%	20%	-	-
	>Minimum Usage * 1.10 - Minimum Usage * 1.30	15%	20%	25%	30%	35%
>3B	Minimum Usage - Minimum Usage * 1.02	10%	-	-	-	-
	>Minimum Usage * 1.02 - Minimum Usage * 1.10	15%	20%	25%	-	-
	>Minimum Usage * 1.10 - Minimum Usage * 1.30	20%	25%	30%	35%	40%

Customer's Billing Name and Address:

Customer Name:

Address 1:

City:

Attention:

Address 2

State:

ZIP:

- (H) Customer's Billing Account Number to apply credit: To be assigned by BellSouth Telecommunications

- (I) The Customer's Access Customer Name Abbreviations (ACNAs) and associated Customer Identification Codes (CICs) included in BellSouth SWA Pricing Flexibility Service

ACNA	CIC	ACNA	CIC	ACNA	CIC	ACNA	CIC

IN WITNESS WHEREOF, the Parties have executed this interstate Letter of Agreement

BellSouth Telecommunications, Inc.

Customer's Name

Signature

Signature

Name

Name

Title

Title

Date

Date

Effective Date of BellSouth SWA Pricing Flexibility Service: For Use by BellSouth

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(N)

BELLSOUTH
TELECOMMUNICATIONS, INC.
TENNESSEE
ISSUED: September 13, 2002
BY: President - Tennessee
Nashville, Tennessee

ACCESS SERVICES TARIFF

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EFFECTIVE: October 14, 2002

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E19. RESERVED FOR FUTURE USE

(N)

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E19. RESERVED FOR FUTURE USE

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E20. RESERVED FOR FUTURE USE

(N)

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E20. RESERVED FOR FUTURE USE

(N)

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E22. RESERVED FOR FUTURE USE

(N)

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E22. RESERVED FOR FUTURE USE

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E23. RESERVED FOR FUTURE USE

(N)

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E23. RESERVED FOR FUTURE USE

(N)

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E24. RESERVED FOR FUTURE USE

(N)

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(N)

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Nashville, Tennessee

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E24. RESERVED FOR FUTURE USE

(N)

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E25. RESERVED FOR FUTURE USE

(N)

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(N)

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E25. RESERVED FOR FUTURE USE

(N)

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E26. BELLSOUTH SWA PRICING FLEXIBILITY

(N)

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(N)

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E26. BELLSOUTH SWA PRICING FLEXIBILITY

E26.1 Reserved for Future Use

E26.2 BellSouth SWA Pricing Flexibility Service

E26.2.1 General Regulations

- A. The start date of BellSouth SWA Pricing Flexibility Service is the first bill period following execution of the Letter of Agreement with the customer. (N)
- B. Customers may choose either a three, four or five year agreement that terminates upon completion. (N)
- C. The regulations, terms, conditions and volume discounts provided herein shall apply to the customer's applicable BellSouth SWA usage and revenues achieved in the state of Tennessee. (N)

E26.2.2 Subscription Conditions

- A. To subscribe to BellSouth SWA Pricing Flexibility Service, the customer and the Company must execute a Letter of Agreement. The Company shall provide a Letter of Agreement for the customer to execute. The Letter of Agreement shall contain:
 - 1. Customer Minimum Usage (N)
 - 2. Start and termination date (N)
 - 3. Customer's Name and Billing Address (N)
 - 4. Billing Account Number the credit will be applied (N)
 - 5. Access Customer Name Abbreviations (ACNAs) and Customer Identifications Codes (CICs) (N)
 - 6. BellSouth SWA Pricing Flexibility Service term (i.e., 36, 48 or 60 months) (N)
 - 7. Minimum Usage Discount Table (N)
- B. To subscribe to BellSouth SWA Pricing Flexibility Service, the customer must have been a BellSouth SWA customer for the previous 18 months. (N)
- C. When the customer subscribes to BellSouth SWA Pricing Flexibility Service, the customer must identify to the Company, all Access Customer Name Abbreviations (ACNAs) and Carrier Identification Codes (CICs) to be included in BellSouth SWA Pricing Flexibility Service. (N)
- D. The customer must be the billing responsible party for all BellSouth SWA billing elements associated with the ACNAs and CICs included in the Letter of Agreement (N)
- E. Any additions after the Letter of Agreement is executed will be handled as a merger or acquisition or transfer of service regulations as set forth in E26.2.3 following. (N)
- F. The customer's annual minimum usage is a 12 month linear regression projection of local switching usage based upon the customer's most recent 18 month local switching usage history. The annual minimum usage remains constant throughout the term of service. (N)
- G. The following BellSouth SWA services will be used in determining the BellSouth SWA revenues that are eligible to receive the volume discount based on the established minimum local switching usage. (N)
 - 1. BellSouth SWA Common Transport Service (N)
 - Facility Termination, per minute of use (N)
 - Per Mile, per minute of use (N)
 - DS3 to DS1 Multiplexer, per minute of use (N)
 - DS1 to VG Multiplexer, per minute of use (N)
 - 2. Access Tandem Switching (N)
 - Dedicated Tandem Trunk Port Service (N)
 - Per DSO/VG trunk port required (N)
 - Per DS1 trunk port required (N)
 - DS1 to VG Channelization (N)

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E26. BELLSOUTH SWA PRICING FLEXIBILITY

E26.2 BellSouth SWA Pricing Flexibility Service (Cont'd)

E26.2.2 Subscription Conditions (Cont'd)

G. (Cont'd)

3. Local Switching

Local Switching 1

Local Switching 2

Local Switching 3

Local Switching 4

Common Trunk Port Service

Per each Common Transport trunk termination, per minute of use

Dedicated End Office Trunk Port Service

Per DSO/VG trunk port required

Per DS1 trunk port required

H. A customer may not combine its local switching minutes of use with another customer, whether an individual, partnership, association or corporation, for the purpose of meeting the established minimum local switching usage, as set forth in E26.2.5.B. following.

I. Cancellation of BellSouth SWA Pricing Flexibility Service

1. During the term period of BellSouth SWA Pricing Flexibility Service, a customer may cancel BellSouth Pricing Flexibility Service and subsequently subscribe to another BellSouth SWA Pricing Flexibility Service only one time.

2. Cancellation of BellSouth SWA Pricing Flexibility Service and subscription to another BellSouth SWA Pricing Flexibility Service is allowed only on the anniversary date of BellSouth SWA Pricing Flexibility Service and upon meeting one of the following conditions:

a. During the first year of BellSouth SWA Pricing Flexibility Service, the local switching usage achieved is 10 percent below the minimum usage;

b. During the remaining years of BellSouth SWA Pricing Flexibility Service, the local switching usage is below the minimum usage.

c. Local switching usage exceeds the discount usage cap.

d. Customer adds CIC codes that are desired to become part of the volume discount contract tariff.

J. Rates and charges for the BellSouth SWA services included in BellSouth SWA Pricing Flexibility Service are as set forth in Section E6. of this Tariff. General regulations and ordering options for the BellSouth SWA services are as set forth in Sections E2. and E5. of this Tariff.

E26.2.3 Mergers and Acquisitions and Transfer of Service

A. In the event the customer merges with another company or is acquired by another company; the following regulations will apply:

1. The customer may elect to terminate subscription to BellSouth SWA Pricing Flexibility Service.

2. The customer may not combine revenues with the merged or acquired company's revenues for the purpose of obtaining volume discounts provided under BellSouth SWA Pricing Flexibility Service.

3. The customer may continue subscribing to BellSouth SWA Pricing Flexibility Service for the duration of the term provided that the customer continues the subscription as if it were the same entity that existed prior to the merger or acquisition.

B. If customer requests a transfer of service, pursuant to Transfer of Service regulations in Sections E2. and E6. of this Tariff, the customer's subscription to BellSouth SWA Pricing Flexibility Service shall be terminated.

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E26. BELLSOUTH SWA PRICING FLEXIBILITY

E26.2 BellSouth SWA Pricing Flexibility Service (Cont'd)

E26.2.4 BellSouth SWA Pricing Flexibility Revenue Volume Discounts

- A. Each year of BellSouth SWA Pricing Flexibility Service is defined as twelve (12) consecutive bill periods. For purposes of calculating the BellSouth SWA volume discounts, month 1 is the bill period after the beginning date of BellSouth SWA Pricing Flexibility Service. For example, if the beginning date of BellSouth SWA Pricing Flexibility Service is September 6, 2002 bill period, then month 1 for purposes of calculating the BellSouth SWA volume discounts will be the October 6, 2002 bill period. (N)
- B. The BellSouth SWA Pricing Flexibility volume discounts provided herein will be determined during the first month after the end of each year of the BellSouth SWA Pricing Flexibility Service. During the second month following the end of each year of the BellSouth SWA Pricing Flexibility Service, the BellSouth Pricing Flexibility SWA volume discounts will be applied via a credit to the customer's bill. (N)
- C. True-up provisions will be made during the first quarter after the termination date of BellSouth SWA Pricing Flexibility Service. (N)
- D. The BellSouth SWA Pricing Flexibility volume discounts are applicable to the usage sensitive and recurring revenues of the BellSouth SWA services as set forth in E26.2.2.G. preceding. (N)
- E. The BellSouth SWA Pricing Flexibility volume discounts specified in BellSouth SWA Pricing Flexibility Service will not be applied to taxes and nonrecurring BellSouth SWA revenues. (N)
- F. The BellSouth SWA services to which the volume discounts provided under BellSouth SWA Pricing Flexibility Service apply shall only be subject to service assurance warranty regulations specified in E2.4.4 of this Tariff. (N)

E26.2.5 BellSouth SWA Pricing Flexibility Service Volume Discount Plan

- A. BellSouth SWA Pricing Flexibility Service provides for annual volume discounts based upon annual local switching minutes of use (MOU) above a stated minimum usage. Annual volume discounts will be determined by the local switching usage volume and the year of the contract in which the local switching usage volume is achieved. (N)
- B. The minimum usage and the achievable volume discounts associated with the BellSouth SWA services are shown in the table below. Volume discounts are not applicable to any usage levels outside of the MOU usage ranges stated in table below: (N)

Customer Minimum Usage (MOU)	Usage Ranges (MOU)	Volume Discount Percentages				
		Year 1	Year 2	Year 3	Year 4	Year 5
.1B - .5B	Minimum Usage -	5%	-	-	-	-
	Minimum Usage * 1.02					
	>Minimum Usage * 1.02 -	7%	10%	15%	-	-
	Minimum Usage * 1.10					
	>Minimum Usage * 1.10 -	10%	15%	20%	25%	30%
	Minimum Usage * 1.30					
>.5B - 3B	Minimum Usage -	7%	-	-	-	-
	Minimum Usage * 1.02					
	>Minimum Usage * 1.02 -	10%	15%	20%	-	-
	Minimum Usage * 1.10					
	>Minimum Usage * 1.10 -	15%	20%	25%	30%	35%
	Minimum Usage * 1.30					
>3B	Minimum Usage -	10%	-	-	-	-
	Minimum Usage * 1.02					
	>Minimum Usage * 1.02 -	15%	20%	25%	-	-
	Minimum Usage * 1.10					
	>Minimum Usage * 1.10 -	20%	25%	30%	35%	40%
	Minimum Usage * 1.30					

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E26. BELLSOUTH SWA PRICING FLEXIBILITY

E26.2 BellSouth SWA Pricing Flexibility Service (Cont'd)

E26.2.5 BellSouth SWA Pricing Flexibility Service Volume Discount Plan (Cont'd)

- C. The annual local switching usage included in BellSouth SWA Pricing Flexibility Service eligible for volume discount is determined by subtracting the minimum usage from the achieved local switching usage for each year. (N)
- D. Dividing the annual local switching usage eligible for volume discount for a given year of BellSouth SWA Pricing Flexibility Service by the minimum local switching usage will develop the usage factor. (N)
- E. A usage factor (greater than zero) will be applied to the eligible BellSouth SWA revenue generated by the BellSouth SWA services identified in E26.2.2.G. preceding. This calculation produces the annual revenue eligible for discount. (N)
- F. The discount percent achieved, as set forth in B. preceding, is based upon the minimum usage required, the usage factor achieved and the term year. (N)
- G. The volume discount received for a given year under BellSouth SWA Pricing Flexibility Service is determined by multiplying the eligible BellSouth SWA revenue times the discount factor achieved. (N)
- H. Following is an example of how the annual BellSouth SWA Pricing Flexibility volume discount will be determined: (N)

Customer Information - Customer subscribed to a five year BellSouth SWA Pricing Flexibility and is in the 4th year of the contract term. The customer's local switching minimum usage is 1.5B minutes of use. The year 4 local switching usage is 1.8B minutes of use and the eligible BellSouth SWA revenues for year 4 is \$10,000,000. (N)

$$\text{Year 4 Usage Eligible for Discount} = \text{Year 4 Usage} - \text{Minimum Usage} \quad (N)$$

$$= 1.8\text{B MOU} - 1.5\text{B MOU} \quad (N)$$

$$= 300\text{M MOU} \quad (N)$$

$$\text{Year 4 Usage Factor} = \frac{\text{Year 4 Annual Usage}}{\text{Minimum Usage}} \quad (N)$$

$$= \frac{300\text{M MOU}}{1.5\text{B MOU}} \quad (N)$$

$$= .20 \quad (N)$$

$$\begin{aligned} \text{Year 4 Revenue Eligible for Discount} &= \text{Year 4 Usage Factor} \times \text{Year 4 eligible BellSouth SWA Revenue} \quad (N) \\ &= .20 \times \$10,000,000 \quad (N) \end{aligned}$$

$$= \$2,000,000 \quad (N)$$

$$\text{Year 4 Volume Discount} = \text{Year 4 Revenue Eligible for Discount} \times \text{Discount Factor} \quad (N)$$

$$= \$2,000,000 \times .30 \quad (N)$$

$$= \$600,000 \quad (N)$$